

March 28, 1974

to be 26,644.00 which is intended to be amortized over twenty year period, \$2,240,000 per year. In other words, what we are planning to do here according to the law which was passed last session, is to amortize this over a twenty year period, which will cost the state \$44,000,000 to the school teachers of Nebraska over the next twenty years. And this is only about half of what the School Teachers of Nebraska are asking for in the next twenty years, but the Retirement Committee failed to put another bill out on the floor this year, which would be equal to about another \$44,000,000 or plus dollars. Now, appearing in support of this bill were Kenneth Steinmiller, who is the Director of Public Employees Retirement Board, and the reason why he appeared in favor of it was simply a requirement to meet the law, which was passed last year, LB445. And also appearing in favor was Senator Frank Lewis, who has the bill. Who had the bill. Last year, LB445. There is no opposition to the bill. Now, I have passed out to you a few moments ago, the present status of the retirement program. And I want you to look on the bottom of the page 1, where you see that the State has an accrued liability to all retirees, and to persons who are on the payroll and intend to retire, \$47,000,000. And you can see that prior to the passage of 445, that amount was only 20,000,000. The school employees had an unfunded liability of seven and a half million prior to the passage of LB445, but now this becomes as a result of LB445, of last year, an extra 26,000,000, which means that now the state owes the school teachers of Nebraska, \$34,000,000, and all the rest of the retirees or persons who are employed, there is an unfunded liability of about 13,000,000. Now I want you to know these facts, so that this Legislature will know in the future exactly what the situation is, and I want you to know that what we are doing here is to start out on a deficiency appropriation, which is going to take care of another \$8,000,000 of unfunded liability. And so I move that this bill be advanced to E & R Initial.

PRESIDENT: Is there further discussion of the bill? Senator Carpenter.

SENATOR CARPENTER: I don't want to delay the proceedings of the body, but I do think that what Senator Whitney said, it is a highly important bill. Now why have we got in this shape?

SENATOR WHITNEY: Are you asking me the question, Senator Carpenter.

SENATOR CARPENTER: Yes.

SENATOR WHITNEY: Senator Carpenter, I was not here the day LB445 was passed last year. It's the only day, I guess that I was... one of two days I was absent. And that's the reason why we got in this shape because we passed LB445. Now then, the actuary, and I want you to know it was not the actuary that was hired by the Nebraska Legislature, but the Omaha School Teachers Actuary, who made an error of about 40% in his calculations. He under estimated the cost of this bill, by several millions of dollars, now why he made this error I don't know, but it was made. And this Legislature passed this bill, LB445 last year, not knowing of this 40% error. Now there was another thing here, and that is that if we already had in the law a requirement that when we have a new addition to our retirement program that the state will pay in one lump sum all of the costs of the Retirement Program for the Omaha School teachers. Now for example, whereas we are going to pay you go, year by year for the next twenty years the cost of this retirement program for all school teachers of state, excepting Omaha, with